

amount of the credit which has been granted them, but may refuse those which it considers unacceptable. The Central Bank and the local banks aid each other in making collections, and the Central Bank represents the local banks in dealing with the Federal Government. Special provision is made for unusual pressure upon any bank in the system. As soon as an appeal is received on this ground, the Central Bank telegraphs immediately to the other banks, who are bound to create at the Central Bank a fund equal to fifty per cent, of the capital of the threatened bank, but not in excess of two per cent, of the capital of the contributing banks. This fund is employed in buying at par the bills of the threatened bank, which pays for the amounts advanced at the rate of twelve per cent.

The work of putting the banking system upon a modern basis had hardly been achieved when Senor Ionian tour turned his attention to the subject of the metallic standard. Mexico had been upon the silver basis from the times of the Spanish conquest and its standard coins had found their way through the gateways of Europe and the Philippines—which was at one time an appanage of Mexico—into China, Japan, and most of the countries of the China Sea.¹ But the gradual fall in the gold price of silver, accentuated in 1902 by the lowest level ever touched by the metal, convinced. Senor I/i man tour and his advisers that Mexico must follow other advanced nations onto the gold basis. The public finances were deranged by the fall of silver, because much of the foreign debt of the country had been contracted in gold, and the import trade had been reduced almost to gambling because exchange with gold countries had become so fluctuating. More important still was the effect of the fall of silver

i Casarus maintains that the amount of Mexican coin reaching the Bast by way of the Philippines did not go beyond an annual average of \$4,000,000, but that in colonial times the coins first went to Spain and then flowed to the East "through three principal highways. firstly, trade with the Levant, Egypt, and the Red Sea; **secondly**, maritime commerce with the great Indies and China; and thirdly, Russia's trade with China and Tartary." — *Currency JRiform in Mexico*, 339.